

Rev. Rul. 78-434, 1978-2 C.B. 179

The Internal Revenue Service has been asked whether a corporation organized to finance crop operations, which is exempt from federal income tax under section 501(c)(16) of the Internal Revenue Code of 1954, may own all the stock of a business corporation without loss of its exemption under that section.

Held, the organization's mere ownership of the stock of a business corporation does not disqualify it from exemption from federal income tax under section 501(c)(16) of the Code.